

City of Alameda

General Fund Budget Study Session

March 29, 2011



Budget Presentation Outline

- General Fund Budget Overview
- General Fund Budget: Revenue and Expenditure Trends
- Options for Addressing Projected Budget Deficits
- Discussion of Council Priorities for Closing the Gap

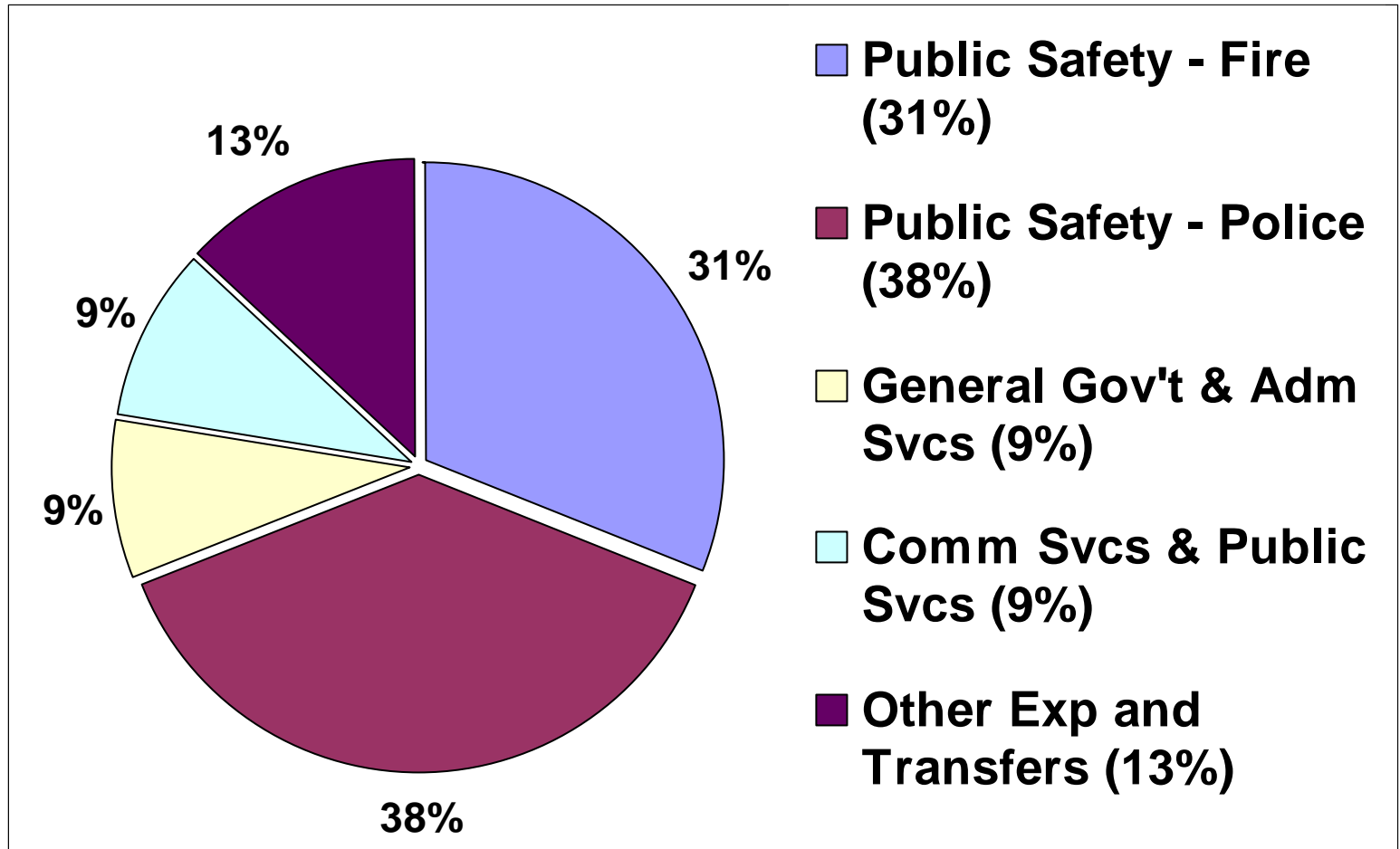


General Fund Budget Overview

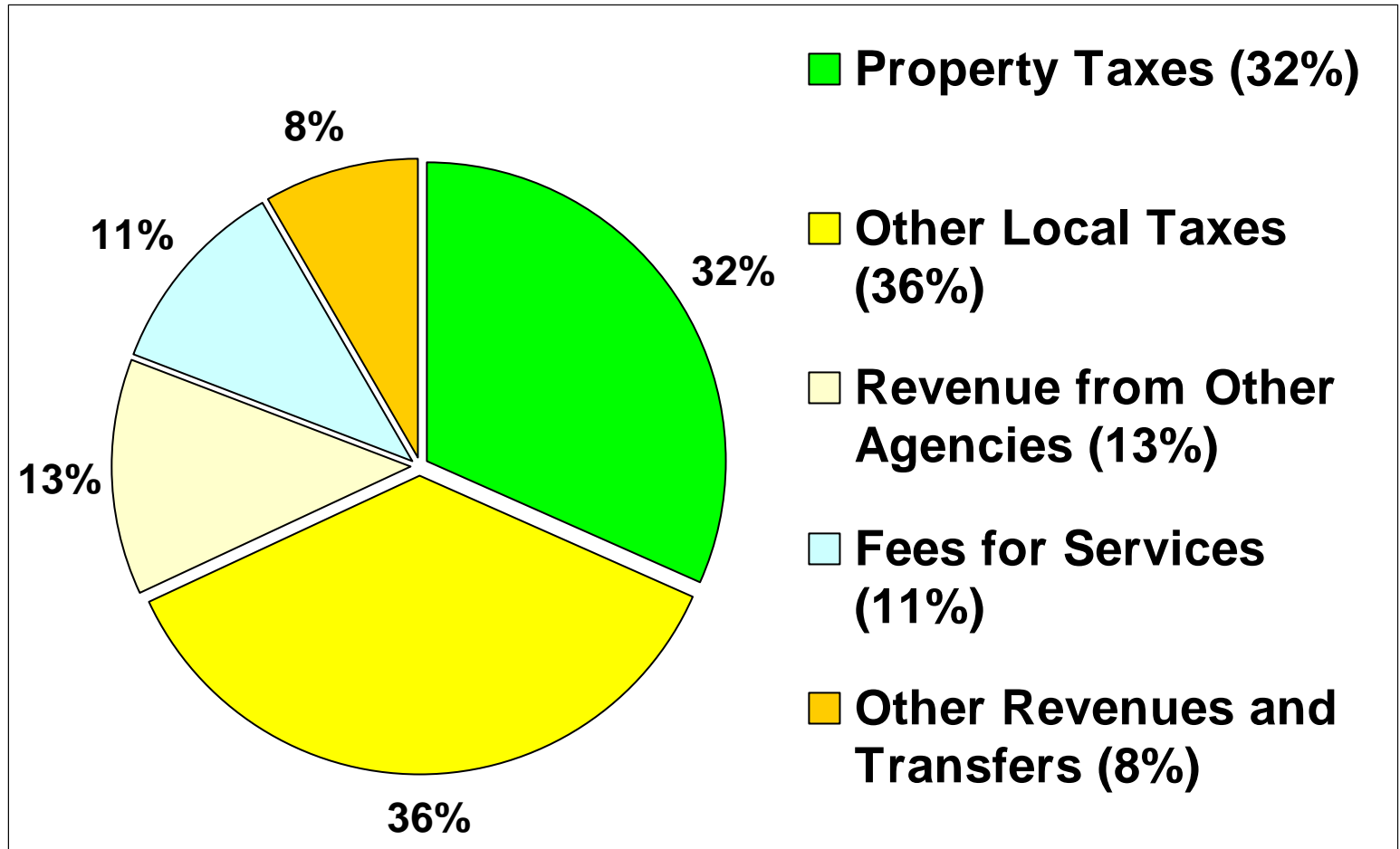
- July 2010 – City Budget Adopted:
 - Balanced budget of \$71 million for FY10-11
 - Forecast balanced budget of \$69 million for FY11-12
 - Projected ending available fund balance of \$12 million (17% of budget) for FY11-12



General Fund Budget – Major Expenditure Categories



General Fund Budget – Major Revenue Sources



General Fund Budget Overview

(continued)

- February 2011 – Audit / Mid-Year Reports Issued:
 - Mid-year report projects revised balanced budget of \$73 million for FY10-11 attributed to Alameda Towne Centre property transfer tax
 - Audit reports ending unrestricted fund balance of \$15 million (22% of annual expenditures) for FY10-11



General Fund Budget Overview

(continued)

- March 2011 – Staff Prepared Initial Budget Estimates for FY11-12 through FY15-16
 - Projects \$6 to \$8 million deficits each year thru FY15-16
 - Assumes revenue growth of 2-3% annually
 - Incorporates new Miscellaneous / Safety PERS rates
 - Assumes health and OPEB increases of 14% per year
 - **Assumes no salary increases through FY15-16**
 - Assumes 2-3% increases for all non-personnel expenses resulting from inflation



General Fund Budget Overview

(continued)

5 Year Projections for FY11-12 through 15-16 (In Millions)

	11-12	12-13	13-14	14-15	15-16
Revenues	\$ 67.3	\$ 68.6	\$ 70.7	\$ 72.8	\$ 75.0
Expenses	73.5	74.9	78.6	80.9	83.4
Deficit For Year	\$ (6.2)	\$ (6.3)	\$ (7.9)	\$ (8.1)	\$ (8.4)
Ending Available Fund Balance	\$ 8.9	\$ 2.6	\$ (5.3)	\$ (13.4)	\$ (21.8)

Ending Available Fund Balance assumes no cost-saving measures are taken.



Changes for FY11-12

■ Revenues

- Projected loss of cost allocation reimbursements:

- CIC (\$581,000)
- Golf (\$277,000)
- Ferry (\$45,000)

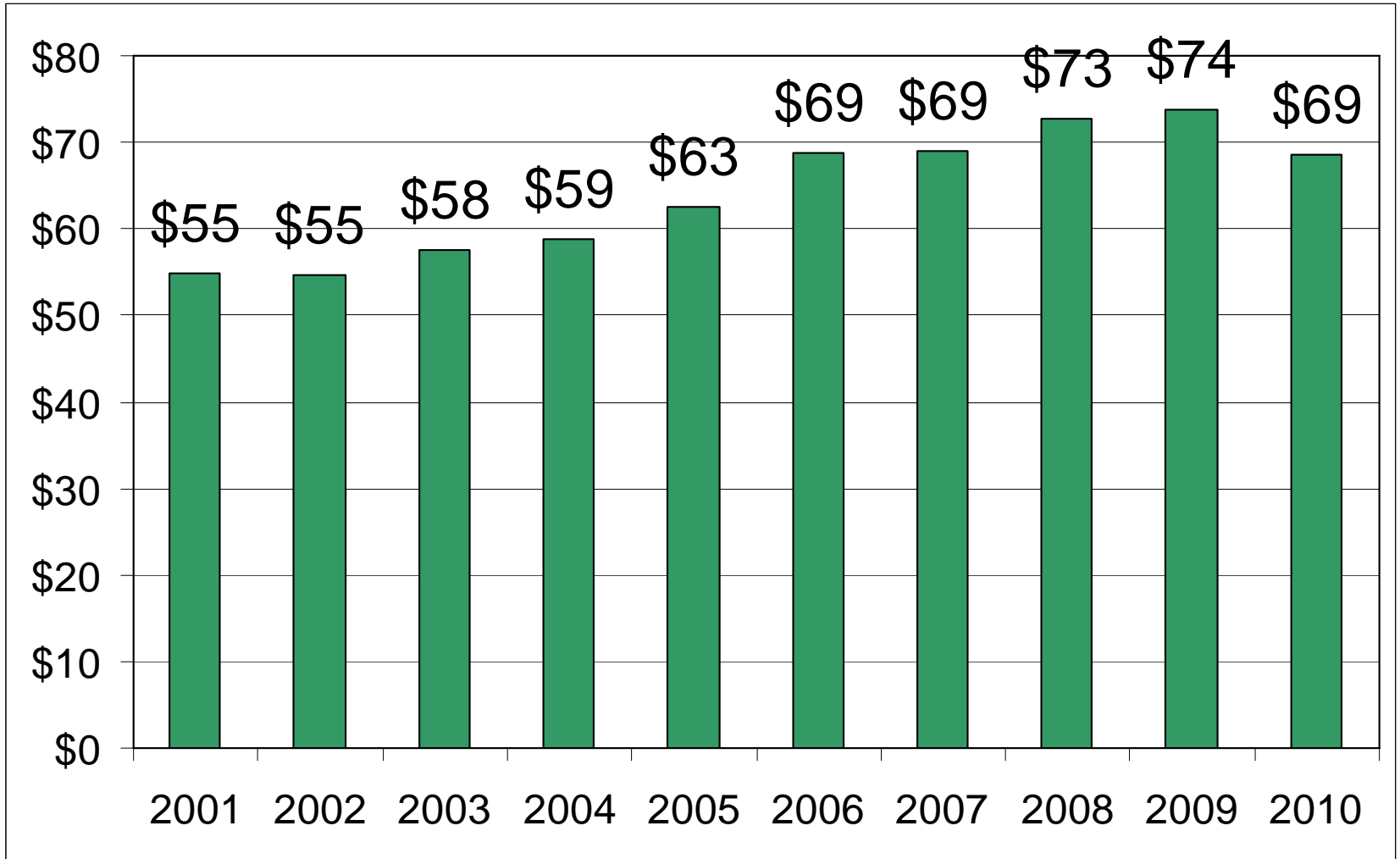
- Decreased sales tax revenues - (\$710K)
- Decreased other revenues (\$150K)

- **Revised revenue estimate of \$67.3 million (down 2%)**



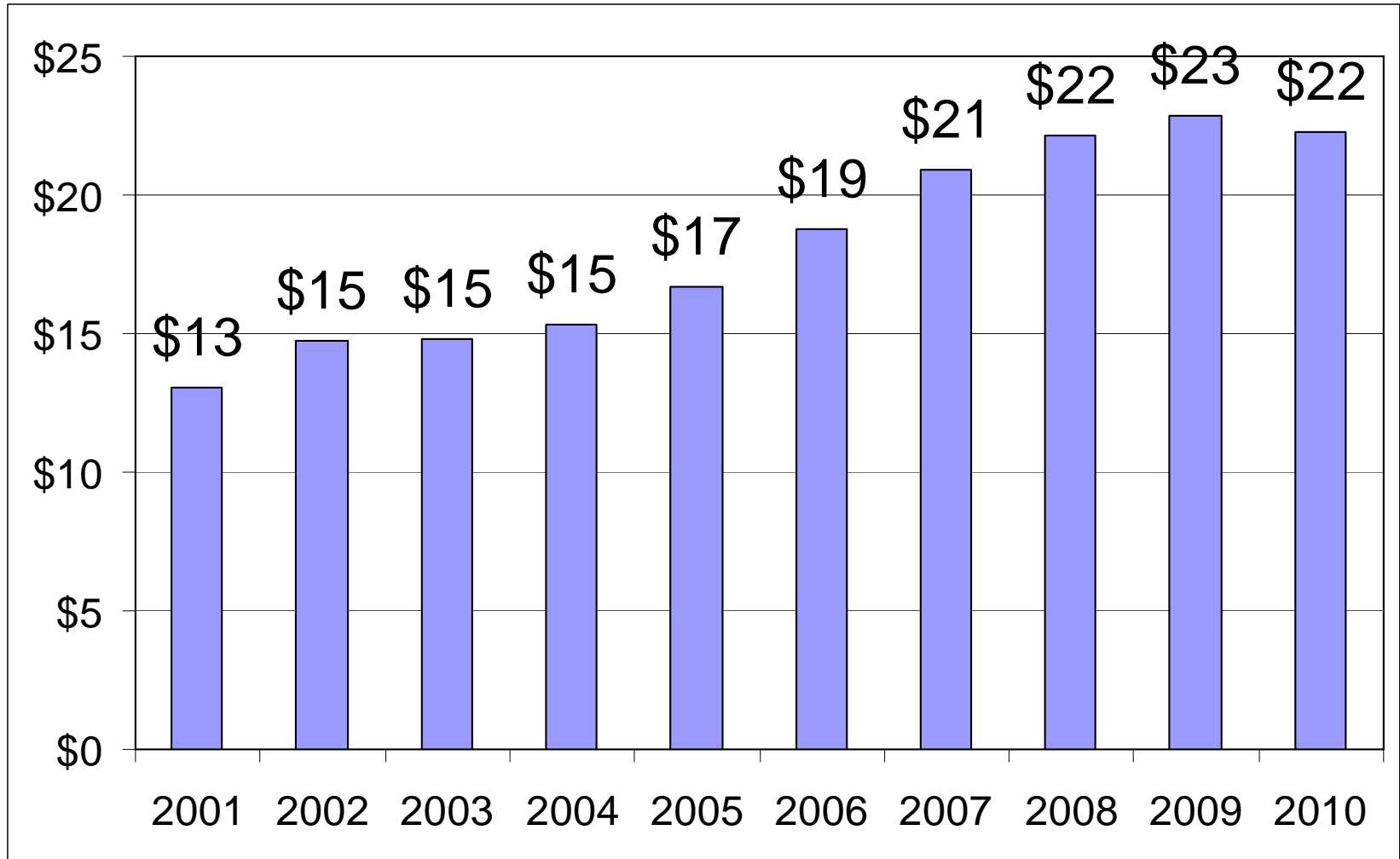
General Fund Budget Total Revenue Trend

(\$ in millions)



General Fund Budget Property Tax Revenue Trend

(\$ in millions)



Changes for FY11-12

(continued)

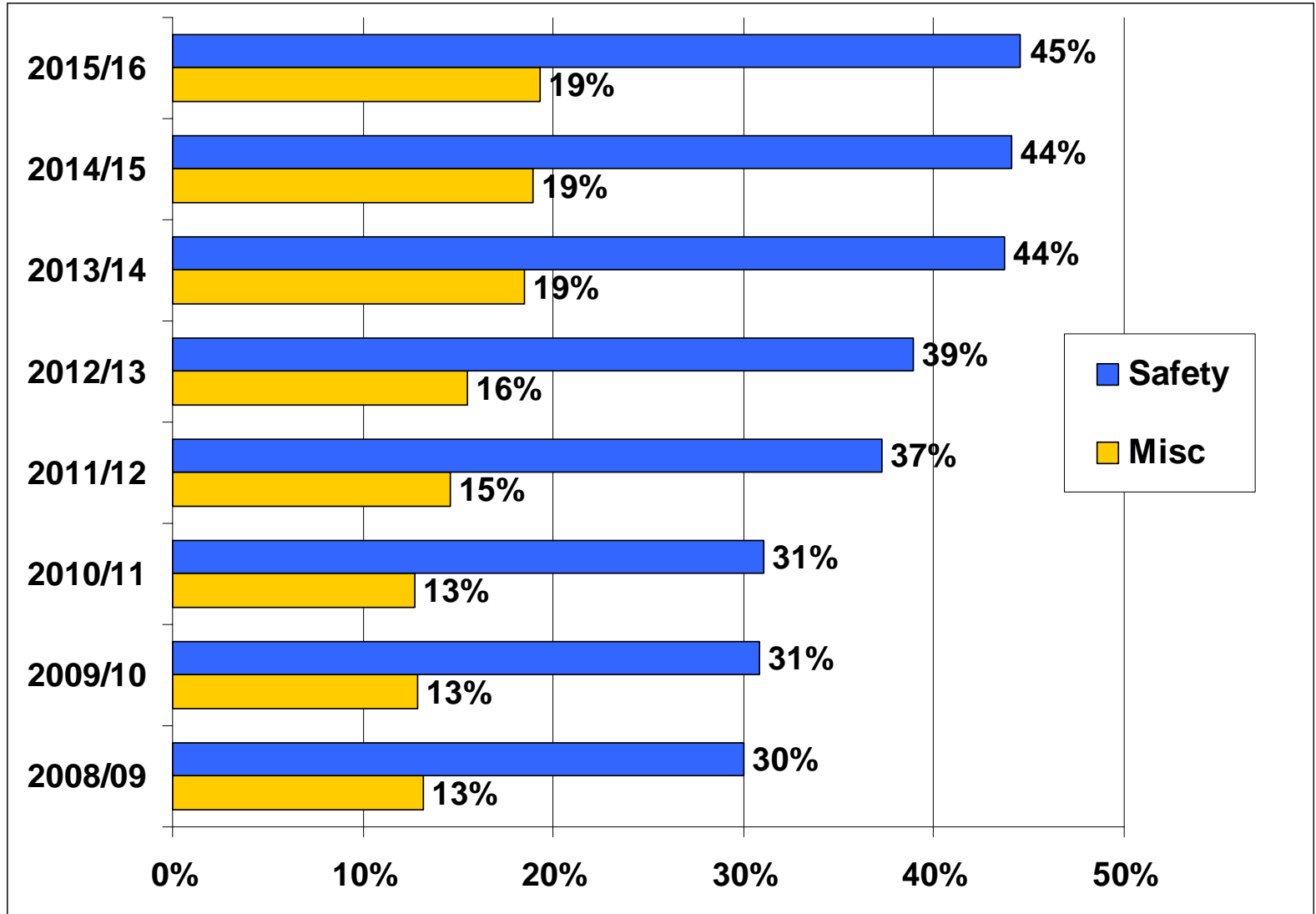
■ Expenditures

- Increased costs for employee benefits

• PERS for Miscellaneous employees	\$ 413,000
• PERS for Safety employees	\$1,335,000
• Health and dental premiums	\$ 737,000
• Increased OPEB contributions	\$ 298,000



PERS Rates Trend



Changes for FY11-12

(continued)

■ Expenditures

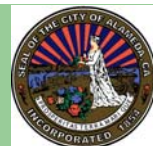
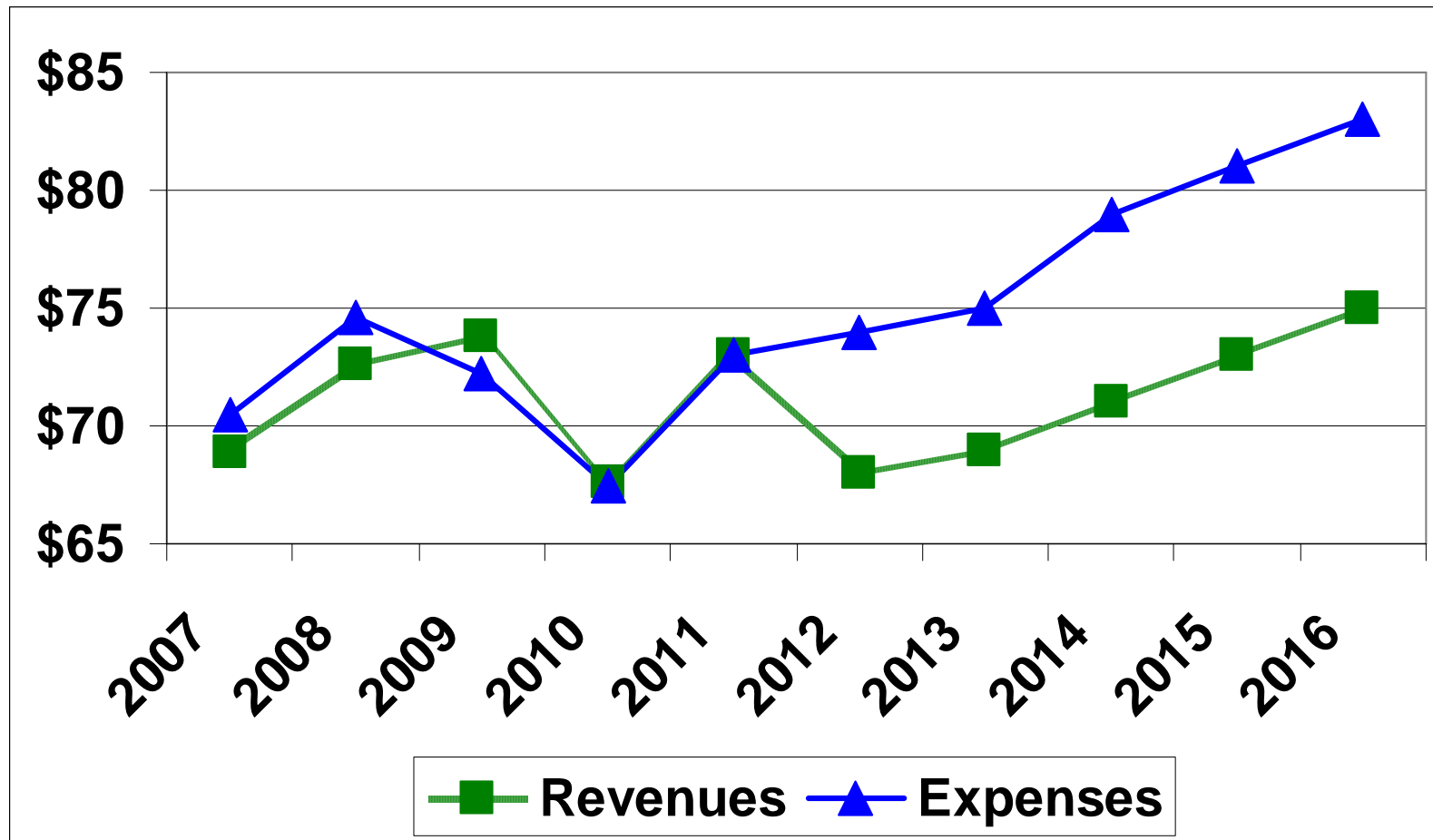
- Increased costs for non-personnel items

• Supplies and services (including fuel)	\$622,000
• EMS payment to County	\$860,000
• Radio system	\$ 75,000
• Fee and Cost Allocation Study	\$ 50,000

- **Revised expense estimate of \$73.5 million (up 6%)**



General Fund Budget – Revenue and Expense Trends (\$ in millions)



Addressing Projected Budget Deficits: Expenditure Reductions

	5%	10%
Non Departmental	35,000	70,000
General Government	164,000	328,000
Administrative Services	177,000	354,000
Police	1,353,000	2,706,000
Fire	1,243,000	2,486,000
Public Works	118,000	236,000
Library	85,000	170,000
Recreation/Parks	233,000	466,000
Total	3,408,000	6,816,000



Addressing Projected Budget Deficits Expenditure Reductions (continued)

A. Structural Changes

- Focus on provision of core services
- Evaluate shared-service models with other jurisdictions and/or contracting out for services
- Consider reductions in workforce
- Reduce funding for non-core levels of service
- Eliminate programs



Addressing Projected Budget Deficits Expenditure Reductions (continued)

B. Negotiations with employee unions

- Furloughs
- Employee cost-sharing for PERS retirement
- Employee cost-sharing for health premiums
- Two-tier system for future employees for PERS and health
- Reductions in pay



Addressing Projected Budget Deficits

Expenditure Reductions

(continued)

C. Other One-Time Items

- Receive early repayment from loans made by General Fund to Other Funds
- Consider making one-time transfer of other unrestricted funds to General Fund (ex. Capital Discretionary)
- Reduce contributions from General Fund to Internal Service Funds



Addressing Projected Budget Deficits Revenue Increases

A. Increase Existing Taxes

1. Sales Tax – 9.75%
Increase .25%-.5% - \$1.5 to \$3 million
2. Utility User Tax – 7.5%
Increase of 1% - \$1.2 million
3. Transient Occupancy Tax – 10%
Increase of 1% - \$100,000
4. Property Transfer Tax – \$12 per \$1,000 of valuation
Increase by \$2 per \$1,000 - \$500,000 to \$700,000
5. Business Licenses – Rentals \$20/Unit, Other \$79-\$155
Increase by \$20 - \$340,000



Addressing Projected Budget Deficits Revenue Increases

(continued)

B. Other Revenue Generation Options:

- Consider new taxes:
 1. Parcel tax for public safety services
 2. Admission tax on theater tickets
- Implement fee study proposed for FY11-12
- Review options for increasing franchise taxes



Closing the Gap

- Do we address the deficit through structural changes to our budget or through a combination of structural and one-time fixes?
- Can we solve our problems now and in the future by looking only at the cost side?
- Do we focus on program elimination/workforce reductions and/or items requiring employee contract negotiations?
- Do we employ across the board cuts, or should we be more surgical?



Next Steps

- Acting City Manager and Finance staff review of department budget proposals – April
- Council workshop on budget – May
- Budget adoption – June



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